

Using Economic Analysis in Evaluating Police Service Projects: The Case of an Outsourcing Project

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Abstract

A number of techniques have been developed which enable economic analysis to be incorporated into the evaluation of police service projects. In this paper, the argument for using economic analysis is presented and the techniques discussed. One particular technique, cost-consequences analysis, was applied in our evaluation of a project concerning the outsourcing of the detention officer role in a police force. We set out the case for preferring this approach to competing types of analysis on this occasion.

A cost analysis was carried out and the technical issues associated with it are discussed in the paper, alongside a summary of the data we collected and drew upon. The various consequences of the project were assessed against the objectives set out for it: the level of care to detainees; releasing police officer posts to 'front-line' roles; reducing the abstractions of officers from other duties to cover for absences; and generating efficiency savings. The greater diversity of the work force in the detention suites proved to be a further significant consequence.

The analyses were integrated into a coherent evaluation of the project, which established its efficiency and effectiveness, but raised questions about equity and sustainability. These findings are significant in themselves; but the efficacy of economic analysis in evaluations and of cost-consequences analysis in this case are also demonstrated.

Introduction

In a previous paper (Heath, 2003), one of the current authors outlined and criticised the main types of economic analysis used in the evaluation of police service projects. He argued for the usefulness of economic analysis to evaluation, although the claims made for some of the approaches are outweighed by the difficulties of carrying them out, certainly in anything like a 'pure' form. Within its limitations, however, economic analysis has a valuable part to play in the evaluation of public sector projects. As Sefton proposes in a helpful paper,

"There is considerable scope for economists to learn from other perspectives on evaluation...Other evaluators in turn need to be more aware of the need for, and requirements of, economic evaluation."

(Sefton, 2003, p.89).

Heath (2003) advocated the use of a rather pragmatic form of cost-effectiveness analysis where circumstances make it suitable. Otherwise, it was contended that cost-consequences analysis should be adopted. In this paper we aim to illustrate the latter approach through a practical example of the application of this technique. To do this, we reflect on our experience of evaluating a Home Office project, one of ten funded at a cost of £13 million that explored how best use could be made of police staff, thus allowing police officers to return to the front-line to promote community safety (Accenture, 2006). The project we focus on concerned the outsourcing of the detention officer role in two custody suites in a county police force. The project proved

successful in terms of the objectives against which it was evaluated, but some difficult issues were also highlighted.

In the paper, therefore, the various types of economic analysis are set out and the arguments for using cost-consequences analysis in this case are outlined. We then report on the outsourcing project which we evaluated and present our analysis of it. This demonstrated the effectiveness and efficiency of the project; but questions regarding equity and sustainability are raised too. Our utilisation of cost-consequences analysis is thus justified in terms of the issues it has brought forward.

The Types of Economic Analysis

As Drummond, O'Brien, Stoddart and Torrance state,

*"... two features characterise economic analysis, regardless of the activities to which it is applied. First, it deals with both inputs and outputs, sometimes called costs and consequences of activities...Second, economic analysis concerns itself with choices...These two characteristics of economic analysis lead us to define economic evaluation as the **comparative analysis of alternative courses of action in terms of both costs and consequences.**"*
(Drummond *et al.*, 1997, p. 8)

Moreover, in order to choose between alternative courses of action, there must be some notion of *objectives* to guide the assessment of the costs and impacts of each option. This brings the familiar notions of *economy*, *efficiency* and *effectiveness* into the discussion. *Effectiveness* is the extent to which objectives are achieved; *economy* is the extent to which resources of appropriate quality and quantity are acquired at lowest cost; and *efficiency* is the extent to which objectives are achieved at minimum cost. Thus economy is about inputs and costs and effectiveness is about objectives and consequences. Efficiency is the relationship between economy and effectiveness. However, it is important to recognise the desirability of taking *equity* (i.e. the fair distribution of resources) into account as well as efficiency, when evaluating projects.

The main types of economic analysis found in the evaluation of policing projects (Stockdale, Whitehead and Gresham, 1999; Heath, 2003) are

- cost-benefit analysis;
- cost-effectiveness analysis;
- cost-consequences analysis.

Cost-benefit analysis is intended to provide an evaluation which is comprehensive (i.e. all relevant aspects are identified) and transparent (i.e. all aspects are explicitly valued). In this approach, it is intended to identify **all** the effects of an intervention and to quantify **all** costs and benefits in monetary terms. This applies even where there is no obvious monetary value to the outcome. Instead shadow prices are calculated (H.M. Treasury, 2003).

Various techniques have been developed to derive values in monetary terms and the logic behind cost-benefit analysis is impeccable (at least in its own terms). However, there are considerable practical difficulties in identifying all effects and technical difficulties in valuing all costs and benefits remain. Furthermore, the element of judgement required raises the possibility of bias in an apparently scientific method of drawing conclusions. This approach is, therefore, often too restrictive for policy analysis. In practice, one of the other approaches is likely to be adopted in evaluations (McDonald, 1997).¹

In cost-effectiveness analysis the monetary cost of an intervention is again compared to its effect in order to arrive at a judgement of comparative value for money. However, there is no attempt made to apply shadow prices. Instead effectiveness is measured only in relation to a single outcome agreed to be appropriate to the intervention (Drummond *et al.*, 1997). This is known as the primary outcome because it relates to the primary objective of the intervention. For example, in the case of crime reduction projects, outputs are measured primarily in terms of costs of crimes prevented (Dhiri, Goldblatt, Brand and Price, 2001).

As Dhiri *et al.* say, the cost-effectiveness ratio of a project is the *input cost per unit of output or outcome* achieved. The cost-effectiveness ratio of the intervention can then be compared to the ratios of competing projects. Alternatively, the cost to society of such a crime can be estimated and “the total value of benefits of such an intervention can then be estimated by multiplying the number of crimes prevented by the average cost of a crime.” (Dhiri *et al.*, 2001, p.188). The difference between this and the cost of the project is an indication of its cost-effectiveness. (For methods of arriving at the economic and social costs of crimes and their limitations, see Brand and Price, 2000.)

The limitations of the cost-effectiveness approach are that it cannot be used to compare interventions which have different primary outcomes and that it ignores any consequences other than the primary outcome. For example, the analysis of a project to reduce burglaries would not take into account any reduction in the fear of crime or improvement in the employability of offenders. In practice, it is recognised that projects will have wider outcomes than the primary outcome. These secondary outcomes may be recorded and described but remain outside the framework of cost-effectiveness (Dhiri *et al.*, 2001). Despite these limitations, cost-effectiveness analysis is particularly appropriate where a project has a clear, measurable and pre-dominant outcome and easily segregated costs.

Cost-consequences analysis is the analysis of an intervention where the costs and consequences are identified as far as is practical, described and even valued where appropriate; but not aggregated into summarising measures. The analyst aims to present a set of output measures alongside cost, in a structured and systematic way, and leave it to the decision-maker to assess the relative importance of these (Drummond *et al.*, 1997).

In the case we focus on here, cost-benefit analysis was rejected because of the problems of identifying and placing (sometimes arbitrary) financial values on all aspects of the project. From the information initially provided we concluded that, in this case, a cost-consequences analysis would be more suitable than a cost-effectiveness analysis, because of the number of dimensions of performance (e.g. internally, the quality of service in the custody suite, and, externally, the impact on front line policing in the area) associated with the project and the need to assess many of these qualitatively.

The Project

The case that we draw on concerned the outsourcing of the detention officer role in two police station custody suites in a county police force between 2004 and 2006. In 2002, 'Midshire' police force had introduced a project concerning the best use of police officers to promote reassurance and police visibility. In the same year a process was instigated there, by which all police officer posts were mapped on to a matrix and criteria applied to indicate whether roles should continue to be occupied by warranted police officers. Alternatively, the roles might be performed by civilian staff who are not police officers, but are directly employed by the force (they are known as 'police staff' and this process is known as 'civilianisation'); or by outsourcing the function to a private contractor. These two initiatives intertwined in that substituting other staff for police officers where appropriate would allow a strengthening of the front-line.

The role of the detention officer was identified within the 'most suitable' category on the basis that it did not require police powers, a uniformed presence or specific police officer training. At the time, different operating models existed for the detention suites in the four basic command units (BCUs) within the force area. North and South BCUs utilised police civilian staff as detention officers whilst West BCU had outsourced its detention suites. Only in East BCU did police officers, known as 'PC gaolers', operate the two detention suites. In each suite the model of working was for teams of two (one custody sergeant and one gaoler/ detention officer) to work together.

The force successfully submitted a bid to the Home Office's Workforce Modernisation Implementation Fund (Mawby, Heath and Walley, 2009) with the aim of outsourcing the detention officer function within its East BCU, which would then create ten front-line policing posts. Supervision of the two detention suites was to remain the responsibility of the custody sergeants. It should be noted that a decision to opt for outsourcing rather than 'civilianisation' was taken during the project planning phase on grounds of expense.

The project secured funding over two years and a company which we are calling 'Outsourced plc' secured the contract to provide the detention services. Following a short training and shadowing period, Outsourced plc employees, known as Civilian Detention Officers (CDOs), took over from the PC gaolers, each being assigned to work with a custody sergeant. Subsequently, and before the evaluation of the project was completed, outsourcing was adopted in the detention suites of all the BCUs in Midshire.

The objectives of the project were: (1) to maintain the level of care to detainees within the detention suites and to reduce the number of confrontational situations through the introduction of non-police personnel; (2) to release the equivalent of ten police officer posts from custody to front-line roles and to provide an enhanced quality of service to crime hot-spot areas; (3) to reduce abstractions of police officers from other duties to cover for absent detention officers; and (4) to generate efficiency savings of £200,000 per annum. A further significant consequence emerged as the project unfolded: the greater diversity of the work force in the detention suites.

To assess the project's achievements against these aims, which gave a structure to the study, we undertook process and outcome evaluations in East BCU for a period of twenty-one months. These drew on both qualitative and quantitative methods. In addition, we undertook a costing exercise to enable our economic analysis of the project to be carried out.² For further details of the project and its evaluation, see Mawby *et al.* (2009) and Heath, Mawby and Walley (2009), which focus respectively on the implications for workforce modernisation and the issues around outsourcing.

The Cost Analysis

Our cost-consequences analysis was informed by Home Office guidelines for conducting economic evaluations (Dhiri and Brand, 1999; Colledge, Collier and Brand, 1999; Legg and Powell, 2000). In order to assess the value for money derived from the project, we obtained Midshire's agreement to provide a range of costing information relating to East BCU, including the costs of managing the contract. Through discussions with Midshire Police, we had ascertained the nature of the management costs associated with the project, some of which had not been previously recognised. These costs can be a significant issue in outsourcing (Prager, 1994) and it is important to recognise that such *transactions costs* can make in-house sourcing more beneficial than might otherwise seem the case.

Indeed, drawing upon perspectives from economic theory reinforces this point. Thus *Organisational economics* stresses the transactions costs associated with drawing up contracts, monitoring performance and controlling contractors, which may outweigh any gains from the contracting process. Furthermore, it is not possible (and certainly not cost-effective) to cover all contingencies in contracts, so they are necessarily incomplete, therefore allowing opportunistic behaviour. Moreover, *Principal-agent* theory argues that agents pursue their own interests rather than those of their principals and that this is facilitated in contractual relationships because of increased information asymmetry (Heath *et al.*, 2009).

The cost data to be provided comprised:

- The cost of the contract;
- The actual ten officers' salaries and on-costs (i.e., the PC gaolers);
- Ten officers' salaries and on-costs at average cost;
- The estimated cost of abstractions saved as a result of the new outsourcing contract;

- An estimate of bank holiday overtime saved as a result of the new outsourcing contract;
- The estimated cost of redeploying officers in their new roles (e.g. training);
- The estimated cost of negotiating, procuring and re-negotiating the contract;
- The estimated cost of administering and monitoring the contract;
- The estimated cost of senior officers' involvement (e.g. project manager's time, steering group meetings);
- The cost of dissemination activities. (It subsequently transpired that dissemination was achieved through an All Project Dissemination Conference funded by the Home Office and so no costs for dissemination were recorded.)

It may be worth noting here that estimation is inevitable in the evaluation of such projects and, in any case, the issue of estimation is arguably less significant in the case of cost consequences analysis than other methods of economic analysis as less definitive claims are made for the results.

The costs of the contract were extracted from the records maintained discretely by the project team. See Table 1 below:

Table 1: Schedule of Contract Costs

	Total
	£
Start up	36,436
Contract payments	511,732
Cost of penalties – overtime	42,318
Income – penalties incurred	<u>(42,120)</u>
	548,366
Evaluation	<u>17,310</u>
Total	<u>565,676</u>

In relation to the contracting, monitoring, administration and supervision processes, the costs were calculated by estimating the time spent on these activities by various members of staff retrospectively and then multiplying the hours by the force's full economic cost figure for each grade. This was done by the officers at specified points throughout the evaluation period, but not contemporaneously. The cost of training displaced officers for their new roles was calculated by taking the standard annual cost of training for the force, multiplying for the number of officers and adjusting for the project period.

Table 2: Schedule of Estimated Costs

	£	£
Contract Development	2,048	
Contact Procurement	2,997	
Contract Monitoring	335	
Contract Payment and Administration	24	
Custody Contract Negotiations	<u>5,826</u>	11,230
Cost of Training Officers for new roles		<u>6,020</u>
Total		<u>17,250</u>

The savings generated by the project were calculated as follows. The actual costs of the ten officers were extracted for the financial year 2004-5, adjusted for wage awards as appropriate and projected over the life of the project. In the case of bank holiday overtime, another adjustment was made using the Midshire Police resourcing model designed specifically for bank holidays. Savings in respect of 'overhead' costs (such as officers' uniforms) were also estimated.

It is a feature of staffing detention suites with PC gaolers or police staff that, in the event of staff absences, it is necessary to abstract police officers from other duties to cover the suites. In contrast, for this project Outsourced plc provided the full detention service and had to provide their own cover if their staff were absent. Savings to the BCU in respect of abstractions avoided were estimated by taking the monthly cost of 'average' officers (see below) for the length of the project period and multiplying by the full time equivalent number of officers required to be abstracted in order to cover the ten gaolers.

Table 3: **Schedule of Savings**

Savings	£
Officers' pay	800,355
Officers overtime -est.	35,847
Projected overheads	10,500
Abstractions - est.	<u>167,239</u>
Total	<u>1,013,941</u>

It had been force practice to employ experienced officers, who were towards the top of the pay scale as detention suite officers. Since this policy may be seen as contributing to the extent of the savings achieved through outsourcing, the cost of using average officers, i.e. those at the mid-point of the scale, was also estimated. The cost of average officers for 2005/6 including on costs, such as pension contributions, was used. This was again adjusted for wage awards as appropriate and projected over the project period.

Table 4 **Schedule of Costs and Savings**

	Actual	Average
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	Officers	Officers
Contract costs	565,676	565,676
Estimated Cost	<u>17,250</u>	<u>17,250</u>
Sub total	582,926	582,926
Savings	<u>(1,013,941)</u>	<u>(910,417)</u>
Net Savings	<u>(431,015)</u>	<u>(327,491)</u>
Annualised Net Savings	<u>(246,294)</u>	<u>(187,138)</u>

It should be noted that some of the costs, such as those of the evaluation itself, would not continue on mainstreaming. Adjusting for the cost of the evaluation would give these revised figures:

Table 5 Revised Schedule of Costs and Savings

	Actual Officers £	Average Officers £
Net savings	431,015	327,491
Plus cost of evaluation	<u>17,310</u>	<u>17,310</u>
Revised net savings	<u>448,325</u>	<u>344,801</u>
Revised annualised net savings	<u>256,185</u>	<u>197,029</u>

Despite the need to estimate some costs and savings, our cost analysis is sufficiently robust to make a reliable contribution to the evaluation; especially as the effect of the project is quite clear cut in this respect.

The Analysis of Consequences

Detention suite service levels

To assess service levels in the detention suites, our qualitative research included observations and interviews, supplemented by ongoing analysis of comments from the reports of Independent Custody Visitors (see below). We visited each detention suite during the first month of the outsourcing period to interview the suite manager (an Inspector), four custody sergeants, four CDOs and one PC gaoler; we also observed the operations of the suites. Two further sweeps of observations and interviews with four custody sergeants and their four CDO colleagues were completed in October 2005 and October 2006.

Custody sergeants initially accepted the outsourcing process warily, with some concerns over whether CDOs would adequately replace police officers. However, CDOs then demonstrated enthusiasm for the job and commitment to Midshire Police that endured throughout the period of evaluation. Thus, by the third round of interviews, Custody sergeants expressed satisfaction with the CDOs, having confidence in their abilities and being convinced of the value of civilianising the function.

It was clear that in many cases, as a result of the pairing of CDOs and custody sergeants, the very good relationship between staff in these two roles resulted in high levels of service. In fact where a custody officer changed and a new officer came into the custody suite it was the CDO who, often,

maintained the level of service and formed a good working relationship with the new sergeant. One sergeant commented typically:

“I get on very well with my CDO and I would be lost without them”

These research activities complemented quantitative work that included monitoring the number of complaints per PC gaoler before outsourcing and the number of complaints per CDO after outsourcing. There were 11 complaints in the twelve months prior to outsourcing compared to an average of 5 complaints per annum during the post-implementation period.

We also analysed custody records to monitor the level of confrontational and violent incidents. In order to compare the levels of confrontational situations pre- and post-outsourcing, 100 custody records were analysed from September 2004 (pre-outsourcing) and this exercise was repeated for September 2005 and 2006. Examination of the first 100 custody records entered from 1 September 2004 in the suites generated only four cases where the potential for confrontation was noted. These were cases where people had been arrested for drunkenness and / or violence. As the pre-project confrontation level was already so low, it was unlikely that it would reduce significantly, although conceivably it could have increased. However, when the exercise was repeated in September 2005, it revealed again that there were only four potentially confrontational situations, leading to the conclusion that the extent of such situations differed little from when the job was undertaken by police officers. This was reinforced in September 2006, when the review revealed that in one suite there were no incidents of potential violence or disorder and in the other suite records revealed 4 incidents of potential violence and disorder.

In addition we conducted one pre- and two post-implementation surveys with stakeholders³ who visited the two detention suites. These surveys showed that, after implementation, attitudes to detainees, attitudes towards visitors and levels of cleanliness were high; delays were few and the reasons for them were acceptable; and overall standards of service were seen to be high. These results were very similar to those of the pre-implementation survey. (See Appendix 1 to this paper for more detail regarding the results of these investigations.)

We also carried out an analysis of the Independent Custody Visitors reports which contained both documentary and numerical information. They indicated that levels of courtesy and attitude and of helpfulness and efficiency continued at the high standard prior to outsourcing. Their critical comments centred on building maintenance, which would have continued to be an issue if outsourcing had not taken place. (See Appendix 2 for further details.) Thus the visitors' responses support the view that there had been no decline in the quality of the detention suite service as a result of the change to CDOs, from the already high levels pre-outsourcing.

As a result of analysing each data set we concluded that there was no decline in the quality of operations in the custody detention suites from an already high standard, following the appointment of the CDOs.

Impact on front-line policing

The project aimed to contribute to crime reduction and community safety by impacting favourably on front-line policing in two ways. Firstly, by transferring the PC gaoler posts to operational posts and, secondly, by removing the necessity to take officers from front line duties to cover staff absences in the detention suites.

It should be noted that the PC gaolers did not take up the front line posts themselves. Instead a complex chain of 'displacements' was needed to fill the posts. Nevertheless, ten new posts were identified, which were filled between November 2004 and April 2005. To assess the impact of these, we analysed force performance data, which proved inconclusive. We also attempted to capture 'snapshots' before and after outsourcing in each new post area by examining the minutes of local police-community consultative group meetings and by discussing with local managers the anticipated and actual benefits of the new posts. The anticipated benefits included: providing extra policing resources to the ward area; allowing teams to be more 'public focussed'; increasing the BCU's capacity to investigate priority crime; and increasing the resilience of policing units.

As the evaluation progressed, we contacted the managers to monitor whether the original expectations had been realised. However, as a result of staffing and organisational changes, it became difficult to trace the occupants of these posts over time. Consequently only two managers were ultimately in a position to comment on the before and after situations. Both contended that, because their departments were carrying permanent vacancies, it was not possible to positively identify benefits from the project. Thus we were unable to demonstrate the effects of outsourcing the detention suites in terms of strengthening the front-line.

However, as a result of outsourcing, front-line resources were not reduced by the abstraction of operational officers from other duties to cover the detention suites. As we have seen, Outsourced plc had to provide their own replacement when their employees were absent. If they were unable to provide substitutes from their own staff, they were contractually obliged to pay the overtime of police officers who were recalled from rest days, rather than abstracting on-duty police officers. Moreover, we were assured that this did not affect continuity of service as the police officers who replaced the CDOs were all fully trained for and familiar with detention suite work.

Diversity of the workforce

A recurring theme of police reform has been that the staffing of police organisations should become more diverse to reflect the communities which are policed (Macpherson, 1999; Rowe, 2007). Accordingly the Home Office was interested in the diversity aspects of the workforce modernisation projects it was funding and we were able to compare the diversity profile of the detention suites workforce before and after outsourcing. Data provided by Outsourced plc confirmed that the ethnic diversity of the work force had not changed following outsourcing: it remained overwhelmingly 'White British'. However, 51% of the CDOs were female and 44 % were aged below thirty. This profile contrasted with the previous PC gaolers, who were mature males.

It suggests that the project was increasing the diversity of the work force in line with the aims of the workforce modernisation programme.

The increasing diversity is regarded as a benefit in itself, but the force also wished to test whether civilian detention officers were less likely to be involved in confrontational situations with detainees. However, as we have seen, the level differed little from when the job was undertaken by police officers and the pre-project confrontation level was already so low that it was unlikely it could be reduced significantly. One female CDO commented that she expected a feminine presence to have a calming effect on the detention suite; but our study provided no evidence of a gender effect, either positive or negative, on what was clearly a successfully maintained standard of service anyway.

Equity and Sustainability

In respect of this project, there were strong arguments in favour of civilianisation or outsourcing. Firstly, the detention suite was not a favoured or prestigious posting for police officers. Secondly, the introduction of civilian detention officers would release officers to the front-line and would end the practice of abstracting front line officers to cover for absences in the detention suites. Therefore it seemed reasonable to posit that the introduction of dedicated CDOs in permanent posts would bring stability and resilience to the detention suite work force.

However, it became clear that a significant amount of overtime was being worked as a result of CDO absences. This did not affect the cost to Midshire police, as it was borne by Outsourced plc. Indeed the contractor incurred penalties of around £42,000 over the life of the project. Presumably, there must be some risk that Outsourced plc would not wish to carry such a burden of penalties indefinitely. Although we were not able to investigate this in our own study, it raises the tricky issue of whether a vicious circle can be created through the outsourcing process. A contractor may bid low to win a contract, and then impose basic working terms and conditions in order to remain within budget. This may lead to poor industrial relations and, ultimately, undermine the stability of the outsourced policing function.

Certainly, it was apparent that Outsourced plc offered a basic remuneration package, and there was a level of discontent amongst the CDOs concerning their terms and conditions of employment; although we were not in a position to establish whether there was a link between this dissatisfaction and the amount of overtime being worked. The CDOs' negative attitude towards their employer contrasted sharply with the loyalty that they felt towards Midshire Police. Given this situation, there must be some concern whether Outsourced plc will be able to retain personnel of sufficient calibre in the longer term. Staff retention and morale are important to the maintenance of the teamwork that the suite depends on and to monitor this aspect, we had wished to track CDO retention levels. Unfortunately the necessary data was not made available to us.

Consequently although gains in efficiency and effectiveness were achieved, as our analysis shows, these were not unproblematic. Midshire Police were

benefiting for the present, but the morale of the CDOs and the willingness of Outsourced plc to continue to pay the overtime penalties were clearly a risk. Midshire Police took this seriously enough to have contingency planning in place, stating that 'robust scenario planning' existed in the event that Outsourced plc withdrew from the contract.

This leads on to the important issue of equity. It might be argued that the project contributed to increasing equity via the wider mix of the work force. Set against this, however, must be the changing nature of the posts in the detention suites; whereby semi-professionalised staff with generous remuneration and conditions of service were replaced by staff that have much lower pay, inferior terms and limited prospects of career development. At this point, it is worth recalling that the alternative of civilianisation was rejected before the project commenced. This would have generated less, but not negligible, savings whilst providing CDOs with better wages, conditions and prospects.

The discussion above may be related to an important issue in the literature on public sector outsourcing generally. If reductions in public expenditure are achieved through deterioration in employees' wages and conditions of employment, then outsourcing may be seen as transferring economic rent from workers to corporations (see, for example, Jensen and Stonecash, 2005). In that case, any increases in efficiency are linked to decreases in equity and it is not at all clear that there is a gain in social welfare overall. A number of studies identify reductions in workers' pay and conditions associated with outsourcing and some suggest these reductions were the major element in the overall cost savings (Jensen and Stonecash, 2005).

This was clearly the case in our own study, where there was no obvious scope for, say, increasing productivity or substituting capital for labour, and a less expensive workforce simply replaced a more expensive one. However, as we have seen, these were not the same people and the diversity of the workforce had broadened. Thus the issue of equity is perhaps more complex here, but no less poignant. (This is pursued further in Heath *et al.*, 2009; Mawby *et al.*, 2009.)

Conclusions

A key thrust of the workforce modernisation programme is to achieve efficiencies through different ways of working, which can be re-directed into front line policing. In order to assess the value for money of the project, we monitored the contract costs, estimated the other costs of the project and accounted for the savings generated. We calculated that outsourcing had realised annualised net savings of around £250,000. However, it had been force practice to employ experienced officers, who were towards the top of the pay scale, as detention suite officers. As this policy influenced the extent of the savings achieved through outsourcing, the cost of using officers at the mid-point of the scale was also estimated. This had the effect of reducing the annual savings to around £200,000.

Nevertheless the project had created ten extra front line posts at a considerably lower cost than would otherwise have been the case, although it

did not prove possible to establish the impact of this with any great certainty. Moreover outsourcing the detention suites ensured that the front-line was not weakened by abstractions. In addition, and significantly, the quality of service in the suites was at least maintained, if not improved. Another benefit was the enhanced diversity of the work force.

However, the evaluation also revealed some doubts concerning the sustainability of the initiative, given the dissatisfaction identified amongst the CDOs and the level of penalties incurred by the contractor. More fundamentally, there is the question of the effect on equity associated with the project, given the markedly changed nature of the posts in the detention suites. Disquiet must be registered regarding this.

Finally, we contend that we have demonstrated the usefulness of economic analysis in evaluation and, particularly, of cost-consequences analysis in this case. The costing exercise provided appropriate data to be integrated with our assessment of the consequences of the project, drawing on both quantitative and qualitative techniques, in order to carry out an effective evaluation. We were thus able to present a set of output measures alongside the costings, in a structured and systematic way, which raised important issues to be considered by the decision-makers.

Notes

1. McDonald is referring here to health care and the cost-benefit analysis method is relatively rarely used in health care and similar public policy areas, such as community safety, with which we are concerned. However, the method is used more frequently in the case of public infrastructure projects, such as roads and railways, which is where it originated (see Pearce, 1983).

2. Although it may have been helpful to study the comparative operations in each BCU, this was not feasible due to time and cost constraints and it fell outwith the Home Office's specification for the evaluation. Also the adoption of outsourcing in the other BCUs referred to above would have made this of limited benefit.

3. Stakeholders surveyed included legal representatives, medical staff, social workers, appropriate adults, escort officers, interpreters and parents.

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APPENDIX 1

Stakeholder satisfaction survey

total of 151 forms were completed in the pre-implementation period from 31 August to 10 November 2004 which provided a comprehensive data-set that

A

established a benchmark of pre-outsourcing standards. Our initial analysis confirmed that high standards operated pre-project, as summarised in the table below.

Stakeholder comments

	Subject Matter	Percentage of <u>positive</u> comments	Percentage of <u>negative</u> comments	Other
1	Waiting times	89%	7%	4%
2	Officers' attitudes towards visitors	97%	0	3%
3	Officers' attitudes towards detainees	94%	0	6%
4	Cleanliness	97%	0	3%
5	Overall standard	96%	0	4%

Further surveys were carried out covering the periods August to October 2005 and August 2006. Between 2 August and 31 October 2005, there were 77 completed questionnaires and, during August 2006, 43 questionnaires were completed. The results of these sets of responses are analysed in the tables below, one for each of the dimension of performance set out in the table above.

Delays

	August to October 2005		August 2006	
	Number of responses	Percentages %	Number of responses	Percentages %
Yes	14	18	8	19
No	60	78	34	79
Not completed	2	3	1	2
Declined to complete	1	1	-	-
	77	100	43	100

If yes, were the delays reasonable?

	August to October 2005	August 2006
	Number of	Number of

	responses	Responses
Yes	12	8
No	0	0
Not completed	2	0
	14	8

Ten comments were made about delays in the August to October 2005 sweep. (There were very few comments recorded in the August 2006 survey.) All were positive, except one comment regarding the need for more interview rooms and consulting facilities.

Attitude

	August to October 2005		August 2006	
	Number of responses	Percentages %	Number of responses	Percentages %
Good	75	97	43	100
Satisfactory	1	1	0	0
Declined to complete	1	1	-	-
	77	99	43	100

Here thirteen comments were made. They were all positive, except for one comment about the facilities (essentially the same point as above) and one who said it “depends who is on”. The comments included “excellent” and “particularly helpful and polite”.

Cleanliness

	August to October 2005		August 2006	
	Number of responses	Percentages %	Number of responses	Percentages %
Good	63	82	38	88
Satisfactory	12	16	5	12
Poor	1	1	0	0
Declined to complete	1	1	-	-
	77	100	43	100

In this case three positive comments were made. They included “very good” and “exceptional”. There was one critical comment concerning a leaky pipe in the custody area.

Attitude to Detainees

	August to October 2005		August 2006	
	Number of responses	Percentages %	Number of responses	Percentages %
Good	73	95	41	95

Satisfactory	3	4	0	0
Not completed	0	0	2	5
Declined to complete	1	1	-	-
	77	100	43	100

In this case, there were seven comments, all of which were positive; for example, “pleasant and efficient” and “very professional”.

Standard

	August to October 2005		August 2006	
	Number of responses	Percentages %	Number of responses	Percentages %
Good	71	92	42	98
Satisfactory	5	6	1	2
Declined to complete	1	1	-	-
	77	99	43	100

There were nine positive comments here, including “excellent” and “the standard of the service is very good”. However, two respondents stated that it “depends who is on”.

APPENDIX 2

Independent Visitor Reports

We were supplied initially with the Independent Custody Visitors’ reports for all

twelve months of 2004 regarding the two suites, which we refer to here as Suite A and Suite B.

Analysis of the pre-outsourcing reports showed that:

- The most frequent comments concern 'hygiene/cleanliness'. At Detention Suite A, 16 positive and six negative comments were recorded. At Detention Suite B, 14 positive and zero negative comments were recorded.
- The second most common area for comments was that covering 'Care Level.' At Detention Suite A 12 positive comments and one negative comment were made concerning staff 'courtesy/attitude', whilst at Detention Suite B there were four positive comments on 'courtesy/ attitude' and three positive comments on both 'helpfulness' and 'efficiency' – compared with zero negative comments in these categories.

Our initial analysis, therefore, supported the finding that high standards operated in the detention suites before outsourcing.

The visitors' reports for the period January to November, 2005, were then analysed.

- There were 14 positive comments regarding Detention Suite B of which 7 related to hygiene and 6 to the courtesy of staff. There were only 2 negative responses.
- In the case of Detention Suite A, there were 17 positive responses, 9 of which were to do with cleanliness and 6 concerning staff attitudes. Negative comments comprised 19, of which 10 related to the maintenance of the facility. As this compared to 6 such comments in 2004, it may be something of an ongoing issue, but does not seem to relate to the issue of outsourcing. The other main areas of some criticism were 'hygiene/cleanliness' (5 negative responses) and the quality of the showers (4 negative comments compared to 2 in 2004).

Later data, covering dates from 24th November 2005 to 30th January 2006 for the two sites highlighted the following results.

- For custody suite A for that period, a total of 32 detainees were in the custody suite when lay visitors went in. Of that, 4 made adverse comments regarding maintenance. In the care, courtesy and helpfulness categories, 6 positive comments were made, including "we were treated promptly and courteously" and "greeted with a smile". No other comments were logged for that period.
- For B for the same period, a total of 63 detainees were in custody when lay visitors attended. Of that number, 3 made adverse comments regarding the maintenance of the custody suite, 1 specifically in regard to the cleanliness of the toilets. There were 5 positive comments regarding care, as exemplified by the remarks "were dealt with in a professional way" and "courtesy and respect shown". One comment was specifically about the helpfulness of the custody staff. Again no adverse comments were made about discourtesy or confrontation.

A final set of visitors' comments were collected for July to August, 2006. This only covered nine visits and no distinction was made between A and B.

- There was one negative comment regarding the temperature, one regarding the showers and three negative comments regarding maintenance. Hygiene attracted one negative, but three positive comments. Significantly, there were five positive and no negative comments regarding courtesy. There were no confrontations witnessed.

